

**4300.3100 GRANT AGREEMENTS.**

Subpart 1. **Grant contract required.** A grant contract shall be offered to each applicant whose application is approved for funding. The contract must be signed by a person authorized to commit the applicant to legally binding agreements and to execute the contract.

Subp. 2. **Contents of grant contract.** The grant contract must include:

A. a work program that indicates completion dates for major parts of the project and a projected budget supporting the work program;

B. a description of the manner in which payments will be made to grant recipients; and

C. assurances that the grant recipient will comply with all applicable state and federal laws, including the federal laws or regulations for which the state is made responsible for enforcement in Code of Federal Regulations, title 24, sections 570.495 and 570.496.

Subp. 3. **Use of program income.** Program income from sources such as reimbursements to and interest from a grant recipient's loan program, proceeds from disposition of real property, and proceeds from special assessments must be used for eligible activities. The division shall reduce future grant payments by the amount of any unobligated program income that an applicant has and shall take whatever additional action is necessary to recover any remaining amounts owed. In accordance with Code of Federal Regulations, title 24, section 570.494(b)(4), interest earned by grant recipients on grant funds before disbursement is not program income, and it must be returned to the United States treasury.

Subp. 4. **Grant account required.** Grant recipients must establish and maintain separate accounts for grant funds.

Subp. 5. **Restrictions on use of funds.** No grant funds shall be used to finance activities not included in the grant agreement. If it is determined that an improper use of funds has occurred, the division will take whatever action is necessary to recover improperly spent funds.

Subp. 6. **Suspension of payments.** The division shall suspend payments of funds to grant recipients that are not in compliance with applicable state and federal laws, rules, and regulations. Grant recipients must return funds that are improperly expended.

Subp. 7. **Amendments to the agreement.** Amendments to the grant agreement must be in writing.

Subp. 8. **Grant termination.** If the department finds that there has been a failure to comply with the provisions of the grant agreement, that reasonable progress has not

been made, or that the purposes for which the funds were granted have not been made, the department may take action to terminate the grant and/or protect the interests of the state, including requiring the return of all or part of the funds already disbursed.

**Statutory Authority:** *MS s 116J.035; 116J.401; 116J.403; 116J.873*

**History:** *11 SR 1042; 11 SR 2416; L 1987 c 312 art 1; 14 SR 1384; 20 SR 2254(NO. 42)*

**Published Electronically:** *January 18, 2005*